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Report of the Secretary-General on the United Nations Interim Administration Mission in Kosovo

I. Introduction

1. The present report is submitted pursuant to Security Council resolution 1244 (1999) of 10 June 1999, by which the Council decided to establish the United Nations Interim Administration Mission in Kosovo (UNMIK) and requested the Secretary-General to report at regular intervals on the implementation of the mandate. It covers the activities of UNMIK and developments in Kosovo, Serbia and Montenegro, from 1 November 2004 to 31 January 2005.

II. Political assessment

2. My Special Representative, Søren Jessen-Petersen, has provided a technical assessment of progress against the standards for Kosovo, which is annexed to the present report. His findings show some encouraging and tangible progress in the commitment of the Provisional Institutions of Self-Government to the implementation of the standards. Overall performance improved in comparison to the prior reporting period, although this has not been uniform. While work on the standards has intensified and some elements of the Kosovo Standards Implementation Plan have been completed, progress in many areas remained insufficient. None of the eight standards has been completely fulfilled. The Provisional Institutions know that further work is needed. The continued unwillingness of the Kosovo Serbs to engage in dialogue and support the implementation of the standards has hampered the ability to move forward, although the participation of a Kosovo Serb leader in the decentralization working group on 24 January was encouraging.

3. The transition from the successful elections held in October 2004 to the installation of the new coalition Government, headed by the Prime Minister of Kosovo, Ramush Haradinaj, after only one month of negotiation among Kosovo's political forces, evidenced growing political maturity. My Special Representative did not have to intervene to facilitate formation of the Government, as was the case in the past. The coalition agreement was concluded smoothly and in a fully democratic manner. Further signs of political maturity have been evident in the Kosovo Assembly, which has functioned in accordance with the Constitutional Framework and its provisional rules of procedure, and largely without procedural

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violations. Agreement was reached among the Assembly caucuses, representing all communities currently participating in the Assembly, on the distribution of the chairmanships of the 10 new Assembly committees. Kosovo's major opposition parties have committed themselves to playing constructive roles. The President of Kosovo, Ibrahim Rugova, has confirmed that he will respect the Constitutional Framework by resigning as president of his political party.

4. Even though the formation of the new central-level institutions consumed much of the reporting period, the new Government has undertaken serious effort to accelerate the implementation of the standards. My Special Representative and the Prime Minister have prioritized those actions within the standards most affecting minority communities, including elements from every area that will consolidate multi-ethnicity in Kosovo. The approach adopted by the Prime Minister towards the standards has been of central importance, including confirming his support for prioritized actions within the standards and immediately directing major resources of the Provisional Institutions towards implementation and self-monitoring. Municipalities, however, generally remained inadequately engaged in standards implementation.

5. New structures and mechanisms have been put in place to ensure that results are achieved. The Prime Minister has begun to chair frequent meetings on standards implementation and has conveyed to all levels of government, including municipalities, that specific actions are required to meet the standards. Since the standards address many concerns relating to civil administration, this augurs well for better governance. However, institutional and human capacities at the central and municipal levels have affected progress as much as political will. The Government will be tested as it works to build minority trust and retain majority confidence by addressing severe problems such as unemployment and economic revitalization. My Special Representative has assessed, at this stage, that public perception of the standards as a vehicle for improving the lives and futures of all people has become more positive.

6. While the Kosovo Serb community broadly rejected cooperation with the Provisional Institutions, the Government has made the enhancement of minority rights a priority in its programme. However, there were no indications during the reporting period whether the policies adopted will be fully implemented and, to the extent that they are, whether they will diminish Kosovo Serb unwillingness to engage in the Provisional Institutions. Two ministries, out of the three to which minority communities are entitled under the Constitutional Framework, have been allocated to Kosovo Serbs, as well as two deputy ministerial positions. Only one of these positions — Minister of Returns and Communities — has been filled so far.

7. Much headway has been made on local government reform. The Prime Minister has committed the Government to proceeding with pilot projects based on the framework document for the reform of local self-government in Kosovo, including at least one in an exclusively Kosovo Serb area. This commitment has yet to be translated into an overall government approach and coherent action, but there appears to be strong momentum for devolution of authority to the local level.

8. The new Government has however not yet taken steps to promote gender equality, including through the development of policies and strategies to address gender gaps, the establishment of an office for gender equality, harmonization of

law with the principles of gender equality and the allocation of funds for the action plan for gender equality.

9. The security situation has remained stable. There has been no serious inter-ethnic crime — and no murder of a Kosovo Serb — in Kosovo since June 2004. The Prime Minister has reached out to Kosovo Serbs in many public statements, setting an example to officials and political figures. UNMIK and the Kosovo Force (KFOR) continued to address minority communities' fears over safety and freedom of movement, particularly through cooperation with authorities at the municipal level and community policing initiatives.

10. Although security for minorities has improved since the violence of March 2004, freedom of movement remained precarious. Kosovo Serbs in particular continued to consider themselves at risk. Their reluctance to leave their communities, or to interact with members of the majority community (and vice versa), is widening an already deep ethnic divide. The Provisional Institutions have not yet fully engaged in the initiatives for inter-community dialogue needed to rebuild confidence and trust. The employment of members of minority communities in the public sector remained at about half the stipulated level. Nor has the need for an ethnically integrated transport system been addressed. Minorities generally travel on specially provided transport, or with military escort, usually from one minority area to another, limiting their access to services, employment and justice, and thus limiting their opportunities for a normal life and sustainable livelihoods. Security and movement concerns, real and perceived, discourage those who might otherwise return.

11. Minorities' fears are fed by isolated incidents, not always condemned or addressed by local political leadership, in which transport services for minorities are stoned; hate graffiti are painted on municipal buildings; unoccupied minority houses are looted; and minority language rights are not respected. Signs outside public buildings only in the language of the locally dominant group, official documents issued only in the locally dominant language, and displays of nationalist symbols extolling only heroes of the majority community remain. The Government has not taken sufficient action to punish ethnically targeted crime, to put in place a system to monitor and censure violations of the language laws, and to promote a culture of human rights and tolerance, especially among Kosovo's youth. UNMIK has set out guidelines and standards with respect to minority rights; accountability for enforcement must now rest as much with the Government as with the international community.

12. The violence of March 2004 resulted in a 40 per cent decrease in returns in 2004 as compared to 2003. While the Provisional Institutions have made progress in support of technical preparations for returns and returns to municipalities, and remain the leading funder of returns, efforts to revitalize the returns process have been lacking. The Provisional Institutions have yet to go beyond declarations, pledges and funding to actively demonstrate their willingness and readiness to assume responsibility, and to be accountable, for the security of Kosovo Serb and other communities. The reconstruction programme has not been completed, nor has it been accompanied by robust outreach to minorities to rebuild lost confidence. Many newly reconstructed houses remain unoccupied, as those displaced still have serious security concerns and doubts about acceptance by the majority community. Finally, although considerably increased, municipal engagement in activities related

to returns remains variable. Some municipalities have severely delayed the drafting of return strategies, the appointment of returns officers and other measures of support. None of the municipalities has yet finalized a development plan. Municipalities have rarely used police or other available resources to prevent or sanction illegal occupation of property. At the same time, the willingness of Kosovo Serbs to engage is inadequate, and statements by most Serbian authorities are unhelpful. The Serbian Orthodox Church maintains its disengagement on the reconstruction of religious sites damaged or destroyed during the violence of March 2004, and on the inventory of its cultural heritage sites.

13. Most authorities in Belgrade have not been supportive of participation by Kosovo Serbs in the Provisional Institutions or in processes designed to address their special needs, including decentralization and the high-level group on security proposed to Belgrade in 2004 by my Special Representative. They have conditioned constructive engagement on Kosovo issues on a shifting series of prerequisites. There have been no meetings of the working groups of the direct dialogue between Pristina and Belgrade since March 2004, mainly, of late, because of obstacles raised by Belgrade. The Provisional Institutions have committed themselves to full cooperation in that effort and, on 28 January 2005, the Head of the Serbia and Montenegro/Republic of Serbia Coordination Centre for Kosovo wrote to my Special Representative calling for a resumption of meetings of the working groups on missing persons and energy.

14. There has been progress related to the economy, and in measures to address Kosovo's economic difficulties. A recent mission of the International Monetary Fund described maturing economic institutions and policies. The Government continued working, in coordination with UNMIK, to finalize a draft 2005 budget within tight macroeconomic constraints. Institutional capacity was strengthened by the establishment of an independent tax and customs review board, a credit information centre and an insurance communication platform. Supervision of pensions and banking has been strengthened. Tax offices have begun to open in minority areas. The privatization process continues. Acknowledging increased capability within the Provisional Institutions in the economic area, my Special Representative recently announced further transfers of economic competences. The Prime Minister will soon chair the Economic and Fiscal Council, an advisory body to my Special Representative.

15. Lack of reliable electricity is a serious constraint on Kosovo's development. The Kosovo Energy Company (KEK) has yet to be put on a sound financial footing. KEK has introduced measures to increase revenue collection, notably a policy of repairing local network failures only after a sufficient number of affected consumers agree to pay for electricity consumed and resolve some past debts. This policy met with rejection by Kosovo Serbs and isolated protests by residents of all ethnicities. My Special Representative has encouraged cooperation by all authorities, and initiated efforts to mitigate the humanitarian impact of the policy in specific cases.

16. The Kosovo Protection Corps (KPC) continued to operate as a civil emergency organization and to perform its mandated tasks well, particularly de-mining, search and rescue, firefighting, humanitarian activities and emergency interventions. Efforts by KPC to fulfil the most challenging element of the standard — recruitment and retention of minority community members — have been hampered by pressure on interested Kosovo Serbs from their own communities. Authorities in Belgrade

continued to reject the legitimacy of KPC as an institution and Kosovo Serb participation in it. My Special Representative has asked the Provisional Institutions to better coordinate Kosovo's emergency services so as to close gaps, eliminate duplication and husband scarce resources. He has also assessed that the Provisional Institutions and the international community have expressed growing confidence in KPC, and has identified further political, material and financial needs for its development.

III. Observations

17. As we enter 2005, the road ahead in Kosovo has been clearly defined within the parameters of Security Council resolution 1244 (1999). I am pleased to note that progress has been made in the implementation of a comprehensive and integrated strategy through the engagement of Kosovo's leaders and the engagement of our international partners. The Provisional Institutions have intensified the attention paid to and efforts directed at the implementation of the standards during the reporting period. In this respect, the relatively rapid creation of a coalition Government following the October 2004 elections and the demonstrations of commitment by the Government's leadership to the implementation of the standards are encouraging signals. However, while noteworthy concrete steps forward were taken in some areas, overall progress on the implementation of the standards remained uneven and none of the eight standards has yet been fulfilled. It cannot be overemphasized that forward momentum depends on the Provisional Institutions, political leaders and people from all communities actually delivering real progress on the standards. This will require that the new leadership translate their positive words and intentions, mechanisms and measures, into concrete and sustainable results in all areas that benefit all people in Kosovo and those who have been displaced. Success or failure rests with them for those areas under their responsibility. Clearly, any violence that were to occur in Kosovo, such as happened in March 2004, would set the process back.

18. Further sustained effort is required in areas of importance to minority communities, notwithstanding the lack of engagement in the Provisional Institutions at the central level by the majority of Kosovo Serb political entities and leaders. Minority communities' trust in Kosovo's political and administrative systems remains low, and their involvement in the political process and in senior levels of the civil service remains marginal. Serbian parallel structures continue to exist in the health and education sectors. The outlook for improvement remains clouded by the Serbian government's opposition to meaningful Kosovo Serb engagement in Kosovo institutions and processes. I call on the Kosovo Serbs to engage in a constructive way in Kosovo's institutions and processes, and on the Serbian authorities to encourage this. In particular, I urge Kosovo Serbs to engage in the local government reform process. My Special Representative will continue to seek constructive engagement by all stakeholders to foster stable multi-ethnicity. The Provisional Institutions likewise are obligated to work with my Special Representative and the Kosovo leaders to overcome the current obstacles and pave the way for meaningful participation by minority groups in all aspects of life in Kosovo. In this regard, the Provisional Institutions must undertake high-profile actions to reach out to returnees and displaced persons. The majority community needs to create a climate in which members of minority communities, and in

particular the Kosovo Serbs, feel confident they can return and remain in Kosovo. Moreover, the Serbian authorities must encourage this process since it is in the direct interest of Serbs in Kosovo. Trust and reconciliation between the communities could be enhanced, for example, through constructive engagement by all sides on the issue of missing persons. I call upon all parties to immediately follow through on their recently voiced commitment to re-commence their participation in the direct dialogue working group on missing persons.

19. The unified and coordinated support of the broader international community, particularly key Member States such as those in the Security Council and the Contact Group, is essential for success in our common endeavour and for the work carried out by UNMIK under the guidance of my Special Representative. In this regard, I would like to extend my appreciation to my Special Representative, Søren Jessen-Petersen, and to the men and women of UNMIK for the dedication and commitment to the values and objectives of the United Nations which they bring to their often difficult task. I would also like to extend my appreciation to KFOR, our partners within UNMIK — the European Union and the Organization for Security and Cooperation in Europe — and to the other organizations, agencies, contributors and donors for their commitment and valuable political and material support in implementing Security Council resolution 1244 (1999).

Annex I

Technical assessment of progress in the implementation of the standards for Kosovo

Prepared by the Special Representative of the Secretary-General for Kosovo, 24 January 2005

Summary

1. The three months since my last report fall into two distinct periods: the conclusion of elections and formation of the new coalition Government, and the start of that Government's work. The most striking achievement of the first period was the successful conclusion of free and fair elections (noted as such by the Council of Europe), meeting all the requirements of the standards for Kosovo.

2. The start of the new Government's work has been defined by a major push to deliver further progress on standards implementation. This has included an outstanding personal commitment to standards, and to accelerating standards delivery, on the part of the Prime Minister of Kosovo, Ramush Haradinaj. The Government moved immediately to agree with UNMIK on the priority standards goals anticipated in my last report (see S/2004/907), and indicators by which to measure progress in implementation. Some elements of the Kosovo Standards Implementation Plan, including those on which work had progressed under the previous Government, have been successfully completed. New structures and mechanisms have been established at the central level to accelerate further standards implementation, and to ensure that results achieved and the rate of delivery can be maintained. Direct approaches have been made to other actors needing to contribute, including the municipalities, Belgrade, Kosovo Serb political leaders and the Serbian Orthodox Church. Public perceptions of standards as the vehicle for improving the lives, livelihoods and futures of all the people of Kosovo have become more positive.

3. Progress across the standards has not been uniform. In particular, progress on property rights and sustainable returns has been severely impeded by the absence of effective mechanisms to ensure delivery at the municipal level and to capture municipal-level data, and by growing backlogs in the courts. Some municipalities have impeded returns. Isolated incidents of stoning of minority transport continue, and are not always condemned by local political leaders. Illegal occupation and use of property remain widespread. These results negatively affect the achievement of other standards and on economic development. Prime Minister Haradinaj is taking action with municipality leaders to encourage progress in upcoming reporting periods. Minority communities' freedom of movement is limited, partly by perceived threats to their security. Their access to services, employment and justice is impaired as a result. Minority communities' employment in the public sector is 55 per cent of the stipulated minimum level. Direct dialogue between Belgrade and Pristina and the local participation of Kosovo Serbs are blocked by Belgrade's refusal to engage. The Serbian Orthodox Church has rebuffed all approaches by UNMIK, including on reconstruction of religious sites damaged or destroyed during the violence of 17 to 20 March 2004.

4. The sections that follow describe the main achievements on each standard and the priority standards goals to be addressed in the next reporting period.

Functioning democratic institutions: key achievements

5. Elections to the Assembly were concluded in accordance with all standards requirements, and judged to be free and fair by the Council of Europe. A coalition Government was established relatively quickly. The new Assembly held two sessions without procedural violations. Ten assembly committees (plus one standing committee) have been established by agreement between the Presidency of the Assembly and the caucus leaders including the Kosovo Serbs. A caucus member of the Serbian List for Kosovo and Metohija has been appointed to chair the Committee on the Rights and Interests of Communities, but has not yet taken up the post. Proposals for amendments to the rules of procedure of the Assembly (a priority) made so far by the new Assembly's standing committee would, if adopted, correct most of the controversial provisions of the rules adopted by the previous Assembly.

6. A government coordination secretariat has been created to finalize the rules of executive business (a priority) and ensure that the Government transacts business, and coordinates its constituent institutions, efficiently. A civil service code of conduct has been drafted. Municipal assemblies' compliance with the rules of procedure (a priority) has remained generally satisfactory.

7. Three new ministries have been established. Once terms of reference have been agreed and the ministries operationalized, the Ministries of Returns and Communities and of Local Government Administration will assume their responsibilities, including for returns of displaced persons and community-related issues. New portfolios of Deputy Prime Minister and 15 deputy ministers have been agreed on. The Government allocated three (of 13) ministerial positions to representatives of minority communities as required by the Constitutional Framework. One non-Serb, non-Albanian deputy minister has been appointed.

8. The Government has initiated an exercise to increase minority communities' employment in the public sector (a priority) by identifying possible senior-level vacancies for minorities for a special recruitment drive. All ministries (except those under establishment) have language units. Around 80 per cent of the municipal assembly and municipal committee meetings provide adequate translation.

9. The Government has adopted a draft law on an independent media commission; discussion is expected at the Assembly's next plenary session. The Temporary Media Commissioner has licensed 111 broadcasting stations, of which 72 broadcast in Albanian, 33 in Serbian, 3 in Bosniac, 2 in Turkish, 1 in Gorani and none in Roma. The Temporary Media Commissioner reached a settlement with Kosovo's public broadcaster, Radio Television Kosovo (RTK), and two private broadcasters (Kosovo Television and TV21) on complaints over coverage of the March 2004 violence. RTK acknowledged that it had "aired proclamations that could be considered as hate speech" since they "implied that a specific ethnic category of people were responsible for criminal activity". A minimum level of funding was agreed on for training editorial staff during 2005. A press council is expected to be established by February 2005, and a new code of conduct for journalists adopted. Preparations have been made to draft a law on the public broadcaster.

10. A freedom of association law has been sent by the Government to the Assembly. Of 2,800 registered non-governmental organizations, 300 represent

Kosovo Serbs, 55 Roma, and smaller numbers the Bosniac, Turkish, Gorani and Croatian communities. They operate relatively freely throughout Kosovo.

Functioning democratic institutions: priority standards challenges

11. Rules of procedure of the Assembly need to be adopted and implemented in a form consistent with the Constitutional Framework (a priority). The Assembly Committee on the Rights and Interests of Communities needs to become an effective mechanism for representing the needs of all communities throughout the legislative process (a priority). Participation by the Kosovo Serb representatives in the work of the Assembly remains uncertain; the Serbian List for Kosovo and Metohija has so far boycotted it. Kosovo Serbs have not taken up either of the two ministerial positions reserved for and offered to them, or the deputy ministerial portfolios and political advisory positions offered.

12. Formulation of, and adherence to, rules for the conduct of Government and municipal business is a priority. Two violations of the rules of procedure of the municipal assemblies were reported during the election of new municipal presidents (both resolved following UNMIK intervention).

13. Minority communities' representation in the civil service (a priority) averaged 9.6 per cent across the central government ministries (against a stipulated minimum of 16.6 per cent) and 6.2 per cent at decision-making levels. Minority employment at the municipal level was adequate in 14 of the 27 mixed municipalities, albeit usually limited to offices dealing with minorities' issues, and with negligible representation at decision-making levels. Minority communities' employment in the public service providers is 5.83 per cent overall (Kosovo Electricity Company under 1.5 per cent, Post and Telecommunication Company 4 per cent, railway 15 per cent, airport 1.7 per cent, water, waste and irrigation 16.6 per cent, district heating 12 per cent).

14. Women are underrepresented at all levels. One minister (of 12), one permanent secretary, one municipality chief executive officer (of 30) and 31 per cent of Assembly deputies (by compulsory provision in the electoral regulations) are women. No president of a municipal assembly or member of the Presidency of the Kosovo Assembly is a woman. The Office for Gender Equality needs to be established and operationalized. The Kosovo Action Plan for the Achievement of Gender Equality (endorsed by the Government) needs to be funded and implemented.

15. Full compliance with language policies (a priority) and monitoring and sanctioning systems (priorities) are needed. One ministry and three municipalities (Pristina, Srbica and Prizren) have simultaneous translation equipment. Most municipalities have at least one translator. Two thirds of municipalities need to allocate additional staff and resources to meet the demand for translation and interpretation (a priority); 33 per cent of official documents in the municipalities and ministries are translated into all official languages in a timely manner. Language compliance on official signs outside municipal and ministerial buildings and on signs showing village names is only 9 per cent and 5 per cent, respectively.

16. No ministry or other body of the Provisional Institutions of Self-Government has prepared sub-component plans of its budget indicating financial resources allocated for the minority communities (a priority). The Provisional Institutions of

Self-Government have not taken responsibility for monitoring resource allocation and expenditures against the fair-share financing norms agreed for the municipalities.

17. On access to information by all communities (a priority), RTK devotes about 8 per cent of air time to minority broadcasting (the target is 15 per cent). The two major private broadcasters have no programmes in minority languages. No Kosovo-wide print media publish in minority languages. A strategic plan for minority broadcasting needs to be implemented (a priority). The law on the public broadcaster needs to be drafted, adopted and implemented. The press council and code of conduct need to be established and operationalized to create a more effective self-regulatory system to guard against ethnic bias in print media reporting.

Rule of law: key achievements

18. Crime statistics show a positive trend. Low levels of serious crimes against members of minority communities are reported: two Kosovo Albanians are on trial for the only case of murder of a Kosovo Serb since March 2004. Crime clearance rates are broadly comparable for crimes committed by or against members of all communities (a priority). Conviction rates of 67 per cent to 85 per cent indicate that prosecutions are adequately effective and targeted.

19. Local courts have continued to deal fairly and reasonably efficiently with cases related to the March violence: 348 persons have been brought before the courts for riot-related offences. Of these, 98 are under investigation, 74 are indicted awaiting trial, and cases against 176 have been completed. The bulk of these cases has been handled by the local judiciary.

20. The Kosovo Police Service (KPS) and the Kosovo Corrections Service (KCS) are fully multi-ethnic (a priority). There is increased awareness of the need for greater participation of women in justice and law enforcement. Women make up 18 per cent of KCS (comparing favourably with Western European norms), and 14 per cent of KPS. Gender awareness programmes are included in the training provided to KPS officers and penal staff.

21. KPS continues to assume greater responsibilities. Transition is on schedule: another six police stations were transferred to KPS command over the reporting period. KPS training and mentoring is increasing. Specially trained and equipped KPS officers successfully handled a large public demonstration in November, which passed without incident. KPS conducted 323 raids or inspections of premises suspected of involvement in human trafficking in November 2004, arresting 8 persons, assisting 12 victims and closing 4 establishments. An interim secure facility for victims of trafficking is operational and funded for 2005.

22. Local crime prevention councils (a priority, and key to improving security for all communities at the local level) are functioning in all municipalities except Lipljan, where Kosovo Serbs refuse to participate. Municipal presidents or senior officials from 25 municipalities met in December 2004 to express strong support for, and to discuss the activities and functioning of, local crime prevention councils. Another 300 community policing officers are deploying to areas populated by vulnerable minority communities across Kosovo to improve their security.

23. Steps have been taken towards implementation of an anti-corruption strategy including an information campaign and workshops to draft an action plan.

Rule of law: priority standards challenges

24. Bringing to justice those responsible for the March 2004 violence remains a priority.

25. Limited freedom of movement continues to impair minority communities' access to justice and to courts, although two new court liaison offices (Prizren and Vitina) and a department of the Pristina Municipal Court in Gracanica opened during the reporting period. Kosovo Serbs remain underrepresented among the ranks of judges and prosecutors: 5.2 per cent and 2.3 per cent respectively (a priority). Few qualified Kosovo Serb candidates are presented.

26. The central-level Kosovo Security Advisory Group remains stalled by Belgrade blocking Kosovo Serbs' participation.

27. The draft law to establish the Kosovo Judicial Institute (a priority) to deliver compulsory pre-appointment training for judges and prosecutors is stuck in the Government and has not been passed to the Assembly.

28. Backlogs in the adjudication and execution of court cases are increasing. Kosovo-wide roll-out of an automated case management system should ease (but will not solve) the problem. The Provisional Institutions need to develop a more effective strategy for court administration (including seeking donor support).

29. Gender-based obstacles and discriminatory practices have not been tackled systematically. The law on gender equality needs to be implemented effectively; other legislation needs to be harmonized with it. The proportion of women prosecutors and lawyers remains low (16 per cent and 6.5 per cent respectively). Provisions dealing with sexual harassment and discrimination and establishing effective enforcement mechanisms are needed in the professional codes of conduct for judges and prosecutors. Gender awareness programmes need to be fully integrated into the training programmes for judges, prosecutors, court staff and judicial inspectors and auditors.

30. More effective action is needed to eliminate violence against women and children, trafficking and other forms of exploitation. The draft Kosovo action plan against trafficking needs to be adopted and implemented. The number of trafficking-related court cases is low compared to the number of arrests and other actions against trafficking: no new pre-trial investigations or indictments were filed, and only three cases were adjudicated by the courts, during the reporting period. In November 2004, 105 incidents of domestic violence were reported. More effective action, including the use of protective court orders, is needed to implement UNMIK Regulation No. 2003/12 on Protection against Domestic Violence.

Freedom of movement: key achievements

31. The improved security environment at the time of writing, and international initiatives including private security arrangements in particularly vulnerable communities, have helped increase freedom of movement. Important efforts are under way to address ethnic crime, including the introduction of community policing, training school resource officers, and the appointment of inter-ethnic crime officers in all police stations. Local crime prevention councils are crucial. The

Government has started to engage in community dialogue initiatives to rebuild trust and confidence between communities. Sporadic stonings are systematically investigated and are condemned by some majority community leaders.

32. Minority communities use the humanitarian bus service (35,000 passengers per month — a priority) and "freedom of movement" train (5,000 per week). Although now under threat of closure for financial reasons, multi-ethnic transport has been proved viable by the civil service buses (600 passengers per day, of which 20 per cent are minorities), which have not encountered any major hostility since inception. All of these services are Government-funded. The Government has accepted the target of doubling the number of routes and frequency of transport for minorities over the next six months.

33. Material promoting tolerance and multiculturalism has been incorporated into primary and secondary school curricula (a priority). Textbooks are being drafted for lower grades. A joint Provisional Institutions/UNMIK working group recommended, and an administrative directive established, a standard list of names of villages and towns to be used in official documents. Compliance is about 80 per cent across municipalities. Progress on compliance with language policies (a priority) is reviewed in paragraph 8 of this annex.

Freedom of movement: priority standards challenges

34. On the basis of objective security assessments, checkpoints have been removed from most major roads and police escorts minimized. However, minority communities' perceptions of their security have as much impact on freedom of movement as objective assessments. Minorities — especially Kosovo Serbs in predominantly Albanian areas, but also Kosovo Albanians in northern municipalities — do not feel safe travelling through majority areas. (Recent polling indicates that 77 per cent of Kosovo Serbs consider the rule of law or freedom of movement to be the most important standard. Kosovo Serbs' feelings of insecurity have increased 5 per cent since July 2004.)

35. Incidents in which freedom of movement is obstructed or threatened, such as stonings of transport services, still occur sporadically. The perpetrators — usually youth — are rarely apprehended (a priority). Looting of reconstructed but still unoccupied houses of those displaced in March 2004 has been prevalent in Obilic, Kosovo Polje, Vucitrn and Frasher. Property has been defaced with graffiti; for example, the slogan "No return for Serbs" in Albanian, signed by the Albanian National Army, was painted on the municipality building in Obilic in December 2004. Defaced signs need to be replaced. Signs and symbols that contravene the Constitutional Framework and distress minority communities need to be removed. KFOR figures indicate up to five inter-ethnic incidents per week. Kosovo Serb children in rural north Pristina and Obilic travel to school under military escort and would otherwise be unlikely to attend. Minority communities still perceive a need for military or police escorts or rely on the specially provided transport services.

36. Leaders of the Provisional Institutions at all levels need to create a climate of trust, where minorities feel safe to move outside their own communities. This requires more vocal condemnation of all acts of violence, harassment and intimidation against minorities; ensuring that the perpetrators are brought to justice every time; and leading public awareness and tolerance campaigns (all priorities). A

central mechanism for monitoring ethnically targeted crimes, hate speech and other acts of intolerance could help.

37. Minorities need to be able to move easily to majority areas in order to access courts, medical facilities and other services. Work needs to start on developing an integrated public transport system (a priority). Kosovotrans must hire minority drivers and open experimental lines (both priorities). Minority operators need to be licensed: the Government reports that three transport licences have been issued to Kosovo Serb companies and three are being processed. Companies operated by minority communities need support. Only one minority community member is licensed to certify vehicular roadworthiness, making it very difficult for minorities to renew car registrations. More are needed. Action is needed to increase transport options to and from minority areas, and to reach the target of doubling the number of routes and frequency of transport for minorities (a priority).

38. Community dialogue initiatives to rebuild trust and confidence between communities need to be taken by Kosovo's leaders. All levels of government need to develop reconciliation and inter-ethnic dialogue strategies including regular visits to settlements and returns sites for internally displaced persons.

39. Full compliance with the established language policy is needed.

Sustainable returns and the rights of communities and their members: key achievements

40. A Ministry of Returns and Communities has been established (a priority) to assume responsibility for returns within all communities (a priority). Terms of reference are being finalized. A steering committee will elaborate modalities and staffing plans (both priorities). The Government has decided to assign the ministerial position to a representative of the Kosovo Serbs (none has been nominated by the Kosovo Serb parties). Two deputy Ministers have been appointed (one Kosovo Albanian and one Egyptian). Seven municipalities have municipal returns strategies (a priority) endorsed by municipal working groups; 16 returns strategies are in preparation; six have not been started. Twenty-two municipalities have municipal returns officers.

41. Organized returns projects have started in Urosevac, Strpce, Gnjilane, Prizren, Dragas, Pec, Klina, Lipljan and Mitrovica to allow the return of families of Kosovo Serbs, Kosovo Albanians, Roma, Ashkali, Egyptians and Gorans. The Provisional Institutions of Self-Government, through the Kosovo consolidated budget, remained the leading funder of returns, and provided all returnees with adequate identification documents in a timely manner.

42. The reconstruction programme following the March 2004 violence is progressing (a priority). All schools were reconstructed on schedule. Of 897 houses designated for reconstruction, 847 have been completed. Fifty-seven houses in Prizren and 30 in Kosovo Polje and Obilic have been added to the programme. An additional amount of €1.6 million has been requested from the budget. The Central Inter-Ministerial Commission has undertaken to deal with commercial property, and has significantly expanded the policy for secondary building compensation. Of 338 eligible beneficiaries, 116 have accepted compensation under the scheme. Files were completed for 487 of the 632 beneficiaries eligible for Euro 2000 start-up assistance.

43. The creation of a legal and human rights framework to support a stable multi-ethnic society progressed. A public information campaign (a priority) started with the launch of the anti-discrimination law. The Government committed itself to engaging with UNMIK in reporting to the Council of Europe under the Framework Convention for the Protection of National Minorities.

Sustainable returns and the rights of communities and their members: priority standards challenges

44. The Ministry of Returns and Communities needs to be operationalized with clear terms of reference and adequate resources including staffing (a priority). A database of the displaced population is needed, including information on the demand to return and the levels of returns. Returns focal points are needed in each ministry. Those municipalities which have not yet done so need to elaborate, and all need to implement, municipal returns strategies (a priority). Women must participate at all levels of decision-making and planning for communities and returns issues. All municipalities need to support returns actively (a priority), including those municipalities only recently taking necessary preparatory steps such as appointing municipal returns officers and allowing municipal returns meetings to be held in municipality buildings.

45. An accelerated pace of returns and a reduction in unmet demand to return are both priorities. Only 2,302 persons displaced since 1999 returned to Kosovo during 2004, a decline of 40 per cent compared to 2003, which was largely attributable to the March violence; 1,864 people remain displaced since the March violence. The reconstruction programme needs to be completed (a priority). The cooperation of the Serbian Orthodox Church is essential for reconstruction of Orthodox religious sites and monuments. The looting of unoccupied houses continues (see para. 35 above). Municipal and central-level intervention is needed, including funding for private security in Mitrovica, Vucitrn and Obilic municipalities (currently funded from returns funds). Secondary building compensation payments need to accelerate: 12 beneficiaries have been paid (of the 116 who accepted compensation); all other payments are pending. Payments have been made to 102 beneficiaries eligible for Euro 2000 start-up assistance, out of 487 completed files.

46. All levels of government must give visible support to the returns process (a priority), including developing strategies to reach out to Kosovo Serbs and other communities (a priority); ensuring that the majority community understands and accepts its responsibility for sustainable returns; and assuming responsibility for humanitarian assistance to returnees.

47. Returnees need to be able to compete in the economy and jobs market (a priority) without discrimination or limitations based on freedom of movement. Private sector figures for minority employment are likely to be lower than the 9 per cent (6.2 per cent at decision-making levels) in the public sector. The Government needs to endorse regulations and administrative directions to implement the anti-discrimination law, and to ensure that the law provides effective protection, remedies and sanctions against discrimination (all priorities).

The economy: key achievements

48. Of the 18 pieces of legislation needed to complete the economic legislative base, six have been promulgated or are pending promulgation, seven are in progress,

three are under revision in the Assembly and two have not been started. Three of four necessary new economy-related government institutions have been established.

49. The budget process is improving (a priority) but is delayed and requires UNMIK intervention (see para. 54 below). Requested financial allocations were made from the 2004 Kosovo consolidated budget for recovery and reconstruction assistance (a priority). Two (of four) steps were taken to improve transparency in reporting on the budget and its development. Efforts were made to prioritize work on the budget and increase coordination with spending agencies. The Government verbally committed itself to increasing efforts to include civil society and minority communities in policy advice mechanisms (a priority). Regular macroeconomic bulletins were published.

50. Action is under way to further strengthen institutional capacity. An independent tax and customs review board has been established (a priority) and recommenced work late in 2004. A credit information centre and an insurance communication platform have been created. Work has started to define priorities for establishing institutions needed for private sector development, including an investment promotion agency (a priority). Work is ongoing to amend the regulation on the appointment of members to the Governing Board of the Banking and Payments Authority of Kosovo to enhance the independence of the institution (a priority).

51. Efforts have been made to increase minority employment in the revenue-raising institutions and make them more accessible to minority communities. Two tax administration offices have opened in minority areas (Strpce and Mitrovica) (a priority). A multi-ethnic (18 per cent minorities overall; 16 per cent Kosovo Serbs) and increasingly professional customs service is in place (a priority). Although no figures have been provided, the Government reports that all procurement processes are advertised in three languages (a priority).

52. Tax compliance indicators are under development. Significant progress has been made towards more reliable and effective supervision of banking, insurance and pensions. Implementation of a non-cash payments system in Kosovo is near completion.

53. Provisional boards of directors are in place for the four major publicly owned enterprises (the Kosovo Electricity Company (KEK), the Post and Telecommunications Company (PTK, UNMIK Rail and Pristina Airport). Kosovo-wide billings and collections by publicly owned enterprises are increasing, approaching 100 per cent for PTK (collections up 5 per cent to 70 per cent); 84 per cent for water sector utilities (collections up 15 per cent to 50 per cent); 60 per cent for KEK (collections 32 per cent). All publicly owned enterprises are subject to external audit and accounts are published.

The economy: priority standards challenges

54. The 2005 Kosovo consolidated budget has not been finalized (a priority) at the time of writing. Surplus funds substantially decreased following higher-than-anticipated spending in December 2004. The Government is consulting with UNMIK as it works to heed advice from the International Monetary Fund to reduce the budget ceiling to avoid unsustainable expansion, particularly in recurrent spending.

55. An action plan is needed for further institutional capacity-building in the economic sector. The board of the Kosovo Trust Agency has not met since January 2004. Vigilance is needed to ensure that the influence of the Government does not hinder the work of independent institutions such as the Independent Review Board.

56. Minority communities' employment is 4 per cent in the Banking and Payments Authority and 4.5 per cent in the Tax Administration (4 per cent Kosovo Serbs). More concrete and visible efforts are needed to ensure civil society and minority community involvement in economic decision-making. Women earn on average 65 per cent less than men; they need access to financial resources (credits, loans, subsidies, investments) and collateral (bank guarantees attached to property ownership).

Property rights: key achievements

57. Progress has been made towards establishing a functioning immovable property rights register and cadastre. The first stage of operationalizing the digital register has started; manual registration started functioning in January 2005. Training on laws and procedures is ongoing. Five pilot municipalities have technically functioning registers. The Provisional Institutions report that 26 municipalities have graphic and textual databases. Appeals procedures are functioning well; over 90 per cent of appeals (74 of 81) against decisions related to the register and cadastre were resolved within obligatory time frames.

58. A proposal has been approved for, and the Office of the Prime Minister has committed funding to unblock, an assessment of informal settlements needed to design a regularization strategy and action plan.

59. The Housing and Property Directorate (HPD) and the Housing and Property Claims Commission (HPCC) have adjudicated 79 per cent (23,075 claims) of their illegal occupation and use caseload, and are on track for completion within the time frame of early 2005 set by the Kosovo Standards Implementation Plan. Of those decisions, 43 per cent (9,831 claims) have been implemented. The police have supported enforcement of court decisions on all occasions when support has been requested. The Government has initiated action to revise the spatial planning regulatory framework to ensure that it protects property and other rights of all individuals, regardless of gender, ethnicity or property status.

Property rights: priority standards challenges

60. The inventory of central and municipal-level legislation relating to property rights is not finalized, blocking progress in drafting a strategic legislative assessment and action plan (a priority). As a result, some draft property-related laws of the Provisional Institutions overlap and conflict. Effective implementation of the property and inheritance provisions of the law on gender equality is needed. No municipality has finalized a municipal development plan. Preparation of spatial and municipal development plans should involve gender experts or women's representatives. Socio-economic impact assessments should include gender assessment clauses.

61. Widespread illegal occupation and use of property continues. Only 9 per cent of implemented HPD and HPCC category C decisions have resulted in repossession by rightful owners. Respect for HPCC decisions, and property rights, remains low:

1,003 of 1,669 of successful category C claims that led to repossession by the rightful owners required enforced evictions. Over 6,000 properties remain under HPD administration. Although the police responded positively to all requests for support for property-related decisions, there is little evidence of proactive enforcement (a priority). Municipalities have not used police support or other powers to prevent or sanction illegal occupation (a priority): only two municipality requests for police support were made during the quarter. Public use of the police for property-related issues is low: 38 property-related complaints were filed with the police over the reporting period, compared to 5,163 property-related cases received by the civil courts in the first half of 2004. Clear policy guidance on addressing illegal occupation and other property-related cases (aside from activity related to the March 2004 violence, on which guidance already exists), and a comprehensive, coordinated approach by municipal authorities, courts and the police are needed.

62. A comprehensive needs assessment and resource allocation are required to ensure adequate judicial protection of property rights (a priority). The civil courts are overwhelmed and their backlog of cases is increasing. In the first half of 2004, cases were received at twice the rate they were adjudicated. The criminal courts are underused: police referred six property-related criminal cases to prosecutors over the reporting period. Execution of property-related decisions remains limited: 22 per cent of cases awaiting execution were fully executed in the first half of 2004; over half the remaining cases have been awaiting execution for over a year.

63. Action is needed at all levels to regularize informal settlements (a priority). The central level situational analysis has not started, thereby blocking drafting of an action plan, and all consequent actions. Only Mitrovica and Vucitrn municipal authorities have actively considered alternative spatial planning options to protect and upgrade informal settlements. No short-term measures have been adopted to protect the rights of inhabitants of informal settlements and prevent further displacement.

64. The northern municipalities of Leposavić, Zvecan and Zubin Potok remain outside Kosovo's cadastral registry system. Kosovo Cadastral Agency documents are available in Serbian but are not properly distributed to or within the northern municipalities. A needs assessment is required to ensure adequate resources (a priority). Records also continue to be incomplete because property records held in Serbia and Montenegro have not been made available (a priority).

65. Systemic, cross-institutional transparency, coordination and communication are needed to ensure progress on this standard.

Cultural heritage: key achievements

66. The Government has a 2005 programme of workshops and activities for youth and non-governmental organizations to increase respect for cultural heritage.

67. The inventory of non-Orthodox architectural heritage sites has been completed in 26 municipalities. The recruitment of two Kosovo Serbs into the Cultural Heritage Division and the secondment of two UNMIK international staff are expected to facilitate completion of this process soon for all architectural heritage sites in the Kosovo Serb municipalities, and for Serbian Orthodox Church monuments in the 26 otherwise completed municipalities. Government funding of €4.2 million allocated for the initial phase of the reconstruction programme for

cultural and religious sites damaged during the March 2004 violence remains in the budget for 2005. The Government is keen to cooperate with the Serbian Orthodox Church and Belgrade on reconstruction, and has made several approaches to the Church (see para. 70 below).

68. The Cultural Heritage Division has started a special recruitment drive to increase minority communities' employment across the cultural institutions, including advertising 22 positions reserved for minorities. The draft law on cultural heritage has been completed (with Kosovo Serb participation until March 2004) and identified by the Government as one of its priority pieces of legislation. The draft has been sent to the leaders of the Kosovo Serb political parties for comment.

69. The Government is preparing to adopt an integrated conservation policy for cultural heritage. This policy, to be prepared by the end of March 2005, will cover three to five years and be accompanied by an action plan for each year. It will refer to the cultural strategy for Kosovo prepared in consultation with local experts and Council of Europe specialists.

Cultural heritage: priority standards challenges

70. Minority communities' employment (a priority) averages 8 per cent across the Ministry of Culture (except the Cultural Heritage Division) and the cultural institutions; 22 per cent in the Cultural Heritage Division (including two Kosovo Serbs); and 9 per cent at the regional level. Representation at senior levels is needed. Kosovo Serb members of the drafting group on the law on cultural heritage withdrew following the March 2004 violence; no comments have been received from the Kosovo Serb parties. The Serbian Orthodox Church has not permitted collection of information on its architectural heritage sites (a priority). Kosovo Serb municipalities declined to provide information to non-Serb employees in the Cultural Heritage Division (two Kosovo Serbs are now employed — see para. 67 above). The Serbian Orthodox Church maintained its withdrawal from the memorandum of understanding on the reconstruction programme for cultural and religious sites damaged during the March 2004 violence (a priority). Multiple approaches by the Provisional Institutions to the Serbian Orthodox Church were rebuffed.

Dialogue

71. Prime Minister Haradinaj has repeatedly reaffirmed the Government's commitment to a constructive dialogue with Belgrade. Belgrade continues to decline to participate, setting a series of conditions for resumption of dialogue, including: waiting until after the elections; additional security guarantees; implementation of, and direct Belgrade involvement in decentralization; resolution of the electricity issue; and objections to Mr. Haradinaj as Prime Minister.

72. With the full support of the Government and the International Committee of the Red Cross, which co-chairs the working group on missing persons, I have sought to convince the Prime Minister of Serbia of the urgent need to resume sessions of the working group.

73. Although UNMIK will retain the lead and responsibility for Kosovo's regional relations, the Government is gradually increasing its functional involvement without intruding into reserved competencies. The Government and UNMIK participated in

the regional initiative of the Stability Pact for South Eastern Europe in November 2004, are negotiating a free trade agreement with The former Yugoslav Republic of Macedonia, and were represented at several meetings held under the auspices of the European Union.

Kosovo Protection Corps: key achievements

74. The Kosovo Protection Corps (KPC) continued to comply with the rule of law and to develop its capabilities, and exercise its duties, in accordance with its mandate as a civilian emergency organization (a priority).

75. Participation by minority communities (a priority) increased slightly: 26 members of minority communities were recruited over the quarter (18 Serb, 2 Bosniac, 2 Croat, 2 Ashkali, 2 Turk). Of the 3,024 active KPC members, 157 are from minority communities (33 Ashkali, 17 Bosniac, 8 Egyptian, 1 Goran, 9 Croat, 14 Muslim, 2 Roma, 43 Serb and 30 Turk). A joint KPC/KFOR team conducted a survey of how best to recruit and retain minority community members.

76. Sixteen of 59 installations and sites have been released. The target of one third is expected to be met shortly, subject to funding for reconstruction of new consolidated sites.

77. Preparatory steps have been taken towards the formation of a KPC civil protection brigade (a priority) covering all core civil emergency functions. This will consolidate resources and build KPC capacity in training, command and control, logistics and organizational change. KPC continues to receive strategic direction through the KPC Development Group (formerly the Civil Protection Development Group), which I co-chair with the KFOR Commander, and which includes the Prime Minister and Pristina-based Contact Group representatives.

Kosovo Protection Corps: priority standards challenges

78. Further KPC professionalization is needed, including a streamlined and effective command structure. Development of training capacity (a priority) and provision of mission-essential equipment will require international political and financial support (a priority). To secure it, KPC needs to address misperceptions of its role and character.

79. Minority communities' participation in KPC (a priority) is 5.2 per cent against a target of 10 per cent. The KPC/KFOR team reported that Kosovo Serbs experienced intense pressure from their communities not to join KPC resulting from Belgrade's rejection of the legitimacy of KPC and of Kosovo Serb participation in it. Eleven Serbs were dismissed over the reporting period for non-attendance. More needs to be done, including by members of their own communities, to support minority members who join KPC, especially Serbs.

Conclusion

80. Further progress is needed on those standards goals that are both most fundamental to creating a sustainably multi-ethnic Kosovo and most difficult. However, there can be no doubt that the new Government and Prime Minister are committed to delivering standards as their first priority. The Provisional Institutions have made good progress over the reporting period in both substantive delivery by central institutions and in structural changes that, if political will is maintained, should deliver further progress in upcoming reporting periods.

Annex II

Composition and strength of the UNMIK police, including the Special Police Units, as at 31 January 2005

Country	*Number*	*Country*	*Number*
Argentina	123	Malaysia	5
Austria	29	Mauritius	0
Bangladesh	80	Nepal	45
Belgium	0	Netherlands	1
Brazil	3	Nigeria	52
Bulgaria	52	Norway	20
Cameroon	9	Pakistan	197
China	19	Philippines	87
Czech Republic	12	Poland	123
Denmark	20	Portugal	11
Egypt	34	Romania	184
Fiji	31	Russian Federation	123
Finland	9	Senegal	0
France	70	Slovenia	14
Germany	262	Spain	15
Ghana	35	Sweden	27
Greece	17	Switzerland	8
Hungary	10	Tunisia	5
India	292	Turkey	214
Italy	59	United Kingdom of Great Britain and Northern Ireland	94
Jordan	429	United States of America	306
Kenya	28	Ukraine	212
Kyrgyzstan	5	Zambia	33
Lithuania	7	Zimbabwe	25
Malawi	15	**Total**	**3 451**

Composition of the Kosovo Police Service as at 31 January 2005

Category	*Percentage*	*Number*
Kosovo Albanians	84.6	5 290
Kosovo Serbs	9.4	585
Other ethnic minority members	6.0	379
Total		**6 254**
Men	85.8	5 365
Women	14.2	889

Annex III

Composition and strength of the military liaison component of the United Nations Interim Administration Mission in Kosovo, as at 31 January 2005

Country	*Number of liaison officers*
Argentina	1
Bangladesh	1
Belgium	1
Bolivia	1
Bulgaria	1
Chile	1
Czech Republic	1
Denmark	1
Finland	2
Hungary	1
Ireland	4
Italy	1
Jordan	2
Kenya	1
Malawi	1
Malaysia	1
Nepal	2
New Zealand	1
Norway	1
Pakistan	1
Poland	1
Portugal	1
Romania	1
Russian Federation	2
Spain	2
Ukraine	2
United Kingdom of Great Britain and Northern Ireland	1
Zambia	1
Total	**37**

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